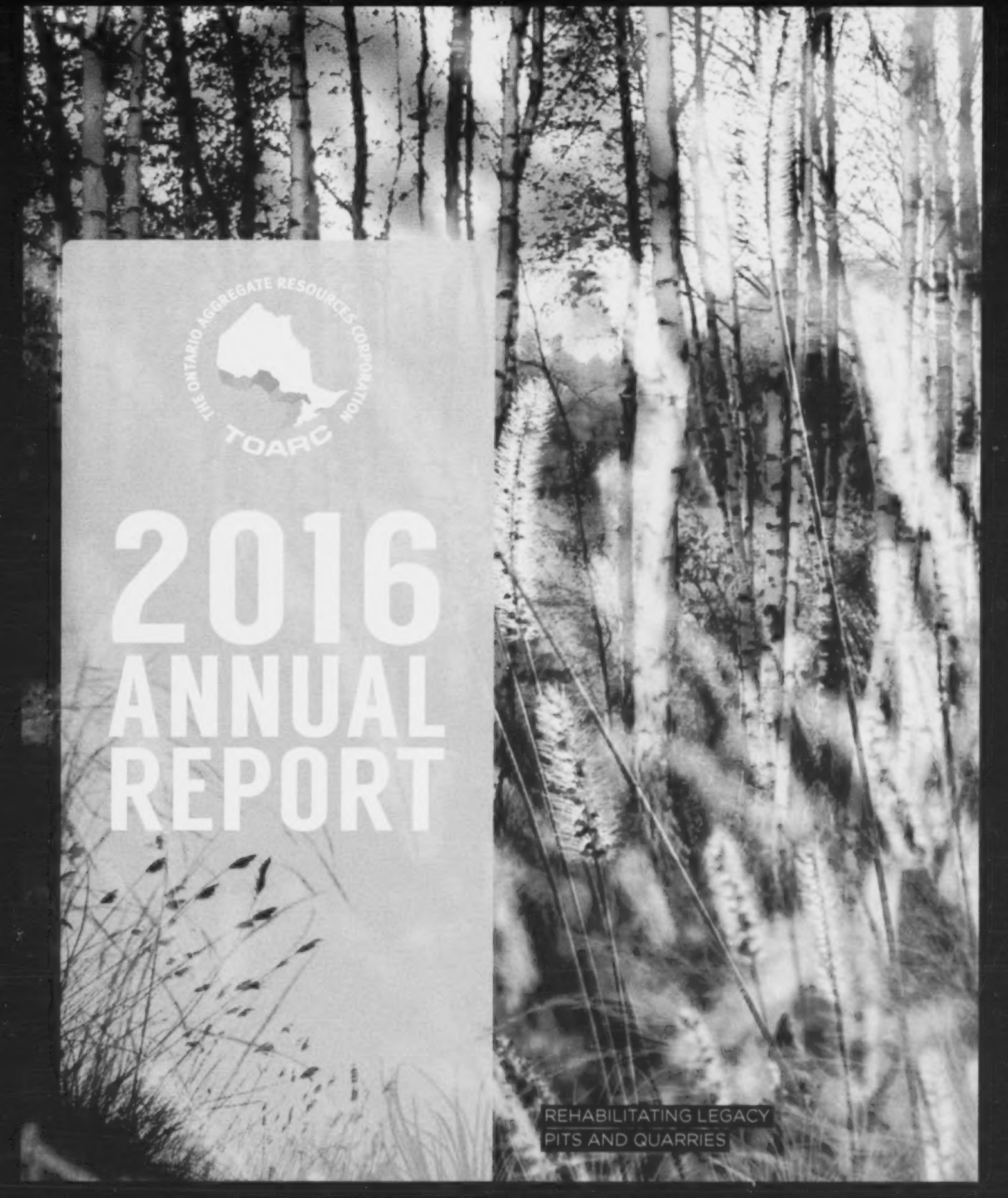
THE ONTARIO AGGREGATE RESOURCES CORPORATION
TOARC
2016
ANNUAL
REPORT
REHABILITATING LEGACY
PITS AND QUARRIES

BOARD OF DIRECTORS

2016

REPRESENTING THE ONTARIO STONE, SAND & GRAVEL ASSOCIATION (OSSGA)
John Moroz | Chairman of the Board
Mark Zinn | Secretary/Treasurer
Ken Lucyshyn
Ed Persico

REPRESENTING A CONSERVATION OR ENVIRONMENTAL ORGANIZATION
Chris Darling

REPRESENTING THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO (AMO)
Dennis Lever

REPRESENTING THE AGGREGATE INDUSTRY AT LARGE (NON OSSGA)
Kerry Doughty

REPRESENTING THE MINISTRY OF NATURAL RESOURCES AND FORESTRY AS AN "EX OFFICIO MEMBER"
Monique Rolf von den Baumen-Clark

2017

REPRESENTING THE ONTARIO STONE, SAND & GRAVEL ASSOCIATION (OSSGA)
Ed Persico
Terry Waites
Ryan Essex
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REPRESENTING A CONSERVATION OR ENVIRONMENTAL ORGANIZATION
Chris Darling

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Monique Rolf von den Baumen-Clark

May 30, 2017

Honourable Kathryn McGarry
Minister of Natural Resources and Forestry
Suite 6630, 6th Floor, Whitney Block
99 Wellesley Street West
Toronto, Ontario M7A 1W3

Minister McGarry:

On behalf of the Board of Directors, I am pleased to submit the 2016 Annual Report of The Ontario Aggregate Resources Corporation.

This annual report includes audited financial statements for the Aggregate Resources Trust and The Ontario Aggregate Resources Corporation for the fiscal year ended December 31, 2016. Included within the financial statements for the Aggregate Resources Trust is a schedule of rehabilitation costs for projects completed by the Management of Abandoned Aggregate Properties (MAAP) program in 2016.

The report also reviews a number of the rehabilitation projects undertaken by the MAAP program along with research funded by the Abandoned Pits & Quarries Rehabilitation Fund.

Yours truly,

Bruce Semkowski
TOARC President

CHAIRMAN'S MESSAGE 2016

As Chairman of The Ontario Aggregate Resources Corporation (TOARC), I am again pleased to have this opportunity to review with you the affairs of the Aggregate Resources Trust (the Trust). As Trustee, TOARC is responsible for implementing the Trust Purposes as described in the Trust Indenture. One of the primary functions of the Trust is the collection of aggregate resource fees and their disbursement to the municipal governments and the Province.

Aggregate production from licenced sources in 2015 continued to climb for the third straight year and rose to 149 million tonnes, up from the 142 million tonnes of 2014 and 132 million tonnes of 2013. However, still significantly below the levels experienced from 2007 -2008. Production from Permits, Forestry Aggregate Pits, and Non-Designated Private Land sources increased from 11 to 12 million tonnes.

Total fees of $20.2 million dollars were invoiced and disbursed amongst recipients as follows:

	($MILLION)
LOCAL MUNICIPALITIES	**9.3**
COUNTIES & REGIONS	**2.3**
MAAP PROGRAM	**.8**
PROVINCE (from licence fees)	**5.4**
PROVINCE (from royalties and permit fees)	**2.4**
TOTAL	**20.2**

Management of the Abandoned Pits and Quarries Rehabilitation Fund (legacy sites) including rehabilitation of these sites under the MAAP program, is another primary function of TOARC. In 2016 the MAAP Program conducted work on 36 sites at a cost of over $ 444,000. I would like to recognize and thank the MAAP team, Danielle Solondz, Paul Hartnett and Erica Rumbolt for the outstanding work that they do year after year on rehabilitating the legacy aggregate sites of Ontario's past. This small group of people manages each and every year to identify the most needy of sites, meet with the landowners several times to educate and obtain approvals, survey sites, design rehabilitation plans, meet with conservation and municipal entities when required, and write, tender and manage approximately thirty contracts on an annual basis! On pages 8 through 13 there are three excellent examples of the outstanding work and results achieved that these people do each and every year.

The total file count of legacy sites in the province is now at 7991 in our eMAAP database. In 2016 many of the older open sites were revisited to speak with landowners and their condition reevaluated. With 5072 files now closed, there still remains 2919 open sites that need to be dealt with, with an expectation that most will require intervention.

The listing by category of closed files now stands as follows:

Developed	**604**
Licensed	**271**
No Historical extraction	***361**
Naturalized (to create new habitat)	**1754**
Rehabilitated (by owner)	**600**
Situated on Crown Land	**222**
Landowner Not Interested	**767**
Rehabilitated by MAAP/MNR	**493**
Total Files Closed	**5,072**

**Files where no disturbances could be found or where it was determined the site disturbance was not a result of aggregate extraction.*

Research on aggregate resources including rehabilitation has always been a large area of focus within the MAAP program. Last year I reported that the Board had agreed to support a next phase of the Afforested Environment Study if shared funding could be achieved. I am pleased to announce that early in 2017 TOARC was notified that the Natural Sciences and Engineering Research Council of Canada (NSERC) has agreed to co-fund the next phase of this study. Further details regarding this project can be found on page 6.

In 2015 the TOARC Board of Directors approved the resources to support new initiatives related to education and training with respect to aggregate resources.

TOARC agreed in 2015 to funding support for the University of Waterloo School of Planning who presented in 2016 for the second time ***"Aggregate Resources Planning, Development and Management"***. This is the first course specific to aggregate resources planning that has been presented at a University level in Canada. Further details regarding this program can be found on page 16.

For students at the high school level, the TOARC Board of Directors agreed in 2015 to support Forest Ontario and their development of an aggregates module to be used in the education of students who participate in the Ontario Envirothon program. This program has 10,000 student participants across Ontario. In 2016 Forest Ontario with the support of TOARC hosted the North American Envirothon at Trent University in Peterborough, Ontario. Fifty-two teams from across North America and as far away as China participated! A special thanks to Danielle Solondz who helped judge the presentations at both the Ontario and North American events! Further details regarding Envirothon can be found on page 17.

The development of eSURRENDER, the database that will contain information about all former aggregate licences and permits in the Province of Ontario is expected to be available to all, including the general public through the TOARC website. eSurrender is expected to be released this summer and further details are in an article included on pages 14-15.

TOARC continues to support the annual "OSSGA Student Design Competition" on aggregate site rehabilitation and the "OSSGA Rehabilitation Tour".

These two programs along with the initiatives described above are a sign of the commitment TOARC makes to educating Ontario residents about the importance of aggregates resources!

Trust funds increased in the year ending 2016 to $20,751,663 from $20,249,017 at the yearend 2015. Trust revenue increased significantly ($534,006) compared to the previous year as gains in the "unrealized changes in fair value portion" reflect the improved performance of the 2016 financial markets. The Trust's expenses increased by $76,062 in 2016. This increase was mainly a result of increased employee benefits expenses, increased legal expenses related to MNRF proposed changes to the Trust Indenture and increased travel expenses related to remote northern revoked site visits.

I want to take this opportunity to welcome Mr. Chris Darling, Chief Administrative Officer of Central Lake Ontario Conservation Authority who joined the TOARC Board as the Environmental Organization Representative.

Respectfully submitted,

John Moroz
Chairman of the Board

Aggregate Resources Trust

MAAP 2016 PROJECT SUMMARY

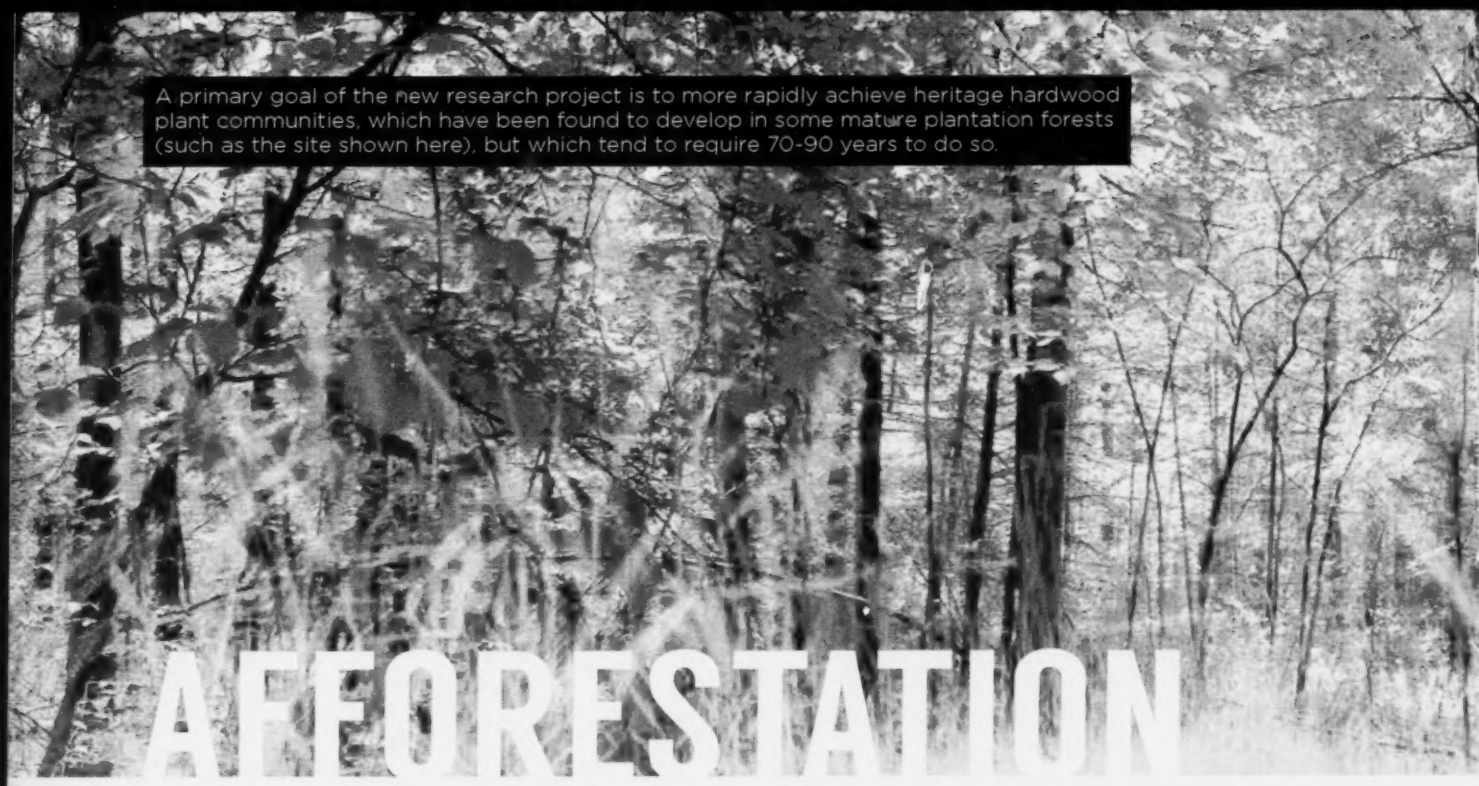
PROJECT NUMBER	LANDOWNER / LOCATION	END USE	AREA (HA)	COST $
16-01A	Harris Pit, Northumberland County	Natural Area	0.33	3610
16-01B	Buchannan Pit, Northumberland County	Natural Area	0.05	486
16-02A	Sanftenberg Pit, Renfrew County	Natural Area	3.20	11,815
16-02B	McLean Pit, Renfrew County	Natural Area	2.46	2,806
16-03A	Reid Pit, Renfrew County	Agriculture Pasture	0.13	8,367
16-03B	Mick Pit, Renfrew County	Agriculture Crop	0.17	22,315
16-03C	LeClaire#1 Pit, Renfrew County	Natural Area	0.14	2,535
16-03D	LeClaire#2 Pit, Renfrew County	Natural Area	1.00	8,075
16-03E	Mundt Pit, Renfrew County	Natural Area	1.80	28,125
16-03F	Red Pine Camp Inc., Pit, Renfrew County	Natural Area	0.44	13,975
16-04A	Smith Pit, Dufferin County	Agriculture Crop	3.30	39,205
16-04B	Weppler#1 Pit, Renfrew County	Agriculture Crop	2.16	29,696
16-04C	Weppler#2 Pit, Renfrew County	Agriculture Crop	0.90	16,600
16-05A	Kostoff Pit, Northumberland County	Natural Area	0.19	8,215
16-05B	Brady Pit, Northumberland County	Natural Area	0.12	6,201
16-05C	White Pit, Northumberland County	Agriculture Pasture	1.78	14,577
16-05D	Tinney Pit, Northumberland County	Agriculture Crop	1.00	10,794
16-06A	Ibboston Pit, Northumberland County	Agriculture Crop	0.71	6,860
16-06B	Klem Pit, Northumberland County	Natural Area	1.15	17,833
16-06C	Deliso Pit, Northumberland County	Natural Area	0.17	3,300
16-06D	Groenewegen Pit, Northumberland County	Natural Area	0.74	6,490
16-07B	R Nelson Pit, Northumberland County	Natural Area	0.11	3,800
16-07Ci	Barlow Pit, Northumberland County	Agriculture Crop	0.12	16,300
16-07Cii	Barlow Pit, Northumberland County	Agriculture Pasture	1.16	10,600
16-07D	Beven Pit, Northumberland County	Agriculture Pasture	1.08	10,672
16-07E	Taylor Pit, Northumberland County	Agriculture Crop	2.11	28,573
16-08A	Dunstan Pit, Grey County	Agriculture Crop	3.21	747
16-08B	Mansfield Pit, Wellington County	Natural Area	2.46	1,527
16-09	Caterall Pit, Durham County	Agriculture Crop	3.00	360
16-10B	McMullen Pit, City of Kawartha Lakes	Agriculture Crop	0.14	7,639
16-10C	Morrison Pit, City of Kawartha Lakes	Agriculture Pasture	0.23	10,554
16-11A	Diamond Pit, City of Kawartha Lakes	Agriculture Pasture	0.63	8,938
16-11B	Beers Pit, City of Kawartha Lakes	Agriculture Crop	3.87	53,354
16-11C	Chiarotto Pit, City of Kawartha Lakes	Natural Area	0.19	6,128
16-12A	Elmhirst Pit, City of Kawartha Lakes	Agriculture Pasture	1.12	20,678
16-12B	Plouffe Pit, City of Kawartha Lakes	Agriculture Pasture	0.32	2,250
			41.68	444,000

* Total project costs incurred for 2016 were $451,018. The difference between $444,000 shown and the total was monies spent on various projects carried over from 2015 (mainly seeding and tree planting)

2016 SUMMARY OF MAAP REHABILITATION COSTS

YEAR	NUMBER OF NEW SITES	AREA REHABILITATED (HA)	TOTAL COSTS**	COST / (HA)	AVG COST PER SITE	AVG AREA REHABILITATED (HA)
1992-96*	52	77.99	$726,480	$9,315	$13,971	1.50
1997	15	22.40	$497,973	$22,231	$33,198	1.49
1998	10	18.35	$219,199	$11,945	$21,920	1.84
1999	16	30.45	$366,636	$12,041	$22,915	1.90
2000	17	28.50	$411,226	$14,429	$24,190	1.68
2001	21	25.50	$320,337	$12,562	$15,254	1.21
2002	10	14.25	$288,844	$20,270	$28,884	1.43
2003	19	46.39	$342,897	$7,392	$18,047	2.44
2004	15	27.35	$414,986	$15,173	$27,666	1.82
2005	28	75.45	$498,819	$6,611	$17,815	2.69
2006	28	48.50	$510,556	$10,527	$18,234	1.73
2007	23	39.11	$740,796	$18,941	$32,209	1.70
2008	29	45.10	$482,875	$10,707	$16,651	1.56
2009	19	22.29	$298,699	$13,401	$15,721	1.17
2010	19	21.35	$298,205	$13,967	$15,695	1.12
2011	38	34.40	$274,436	$7,978	$7,222	0.91
2012	30	38.10	$444,222	$11,659	$14,807	1.27
2013	28	44.13	$490,054	$11,105	$17,502	1.58
2014	13	21.79	$431,413	$19,799	$33,186	1.68
2015	23	38.73	$404,093	$10,434	$17,569	1.68
2016	36	41.68	$444,000	$10,653	$12,333	1.16
Total	489	761.81	$8,906,746	$11,109	$17,306	1.56

* 1992-1996 data is based on information provided by MNRF
** Total Costs have been restated (except for MNRF contracts) to conform with the Trust's revised financial statement presentation



A primary goal of the new research project is to more rapidly achieve heritage hardwood plant communities, which have been found to develop in some mature plantation forests (such as the site shown here), but which tend to require 70-90 years to do so.

AFFORESTATION

Aggregates are vital to infrastructure construction in Ontario and are a finite resource. Close-to-market extraction had led to some provincial licences that allow for removal of mature hardwood forests. Those licences can permit basic rehabilitation to pastoral lands but governments and the public are increasingly demanding full forest restoration. Producers themselves have become keenly aware of the importance of forest restoration regardless of minimum licence requirements and there are several aggregate producers that have a track record of making their operations more environmentally sustainable.

Conventional ecological restoration practices for quarries are inherently slow paced and previous work has found that they are unlikely to fully restore the ecosystem services of mature natural forests. It can take 150 years to restore 80% of the ecosystem function and diversity of forests but aggregate producers must conform to licences requiring evidence that full ecosystem compensation goals will likely be met - and they must do this within the 30-40 year lifetime of typical aggregate extraction operations. The demand is clear: restore the ecosystem of old aggregate sites better and faster. The aggregate industry has welcomed the challenge.

With the support of The Ontario Aggregate Resources Corporation, Walker Industrial Holdings Ltd (via its subsidiary, Walker Aggregates Inc.), the Natural Sciences and Engineering Research Council of Canada has supported a $1 million project to develop and test new strategies for restoring mixedwoods forests in southern Ontario - rapidly.

We will test whether relocating "living mulch" from mature forests to new afforestation sites will promote establishment of characteristic hardwood understorey species such as those shown here

completely and cost-effectively. The project will commence in the fall of 2017 and continue until the winter of 2021. This research is being led by Professor Stephen Murphy (@prof_smurph) and Research Associate Dr. Paul Richardson of the School of Environment, Resources & Sustainability (@ers_UW) at the University of Waterloo.

Progressive forest planting and natural regeneration strategies will be experimentally combined with nucleation – this means there is a cluster planting of key tree species - and translocation of topsoil seed banks from natural stands being removed for licenced aggregate operations. This will mean saving the soil and biota from sites to be quarried and reusing them on sites that have been decommissioned. Treatment combinations supporting rapid emergence of diverse and characteristic target forest communities will significantly advance forest compensation practices, thereby satisfying regulators, facilitating access to close-to-market resources and improving the sustainability of the aggregates industry.

Strategically, accelerated ecological restoration of forests could be applied across Canada to expand and reconnect existing forest fragments. The goal is to reduce the ecological footprint of aggregate operations and this research represents a major opportunity to achieve that goal.

MAAP PROJECTS

14-05b Benson Pit

NORMANBY TOWNSHIP, GREY COUNTY

A fairly good sized site at 2.3ha (~5 acres) the Benson pit presented the typical challenges to rehabilitating legacy pits- a confined space wedged between the township and a neighbouring property, and a concerted lack of available organic soils. The landowner had the property as a potential future building site given the highway frontage with access from an adjacent side road and was interested in softening the site and making it green again. Slopes that had been able to establish vigorous, dense cedar stands were left alone. This was to allow the regeneration of native species as well as a means of preserving organic soils as they would not be needed in those areas. Organic soils obtained from undisturbed areas adjacent to the pit were thinly spread over the newly graded areas and seeded with a mix of aggressive grass seed that would fare well in the gravel soils. While slow to establish, the site has managed to attain an even cover of grasses over the former pit floor.

BEFORE
DURING
AFTER

MAAP PROJECTS

15-08c Weber Pit

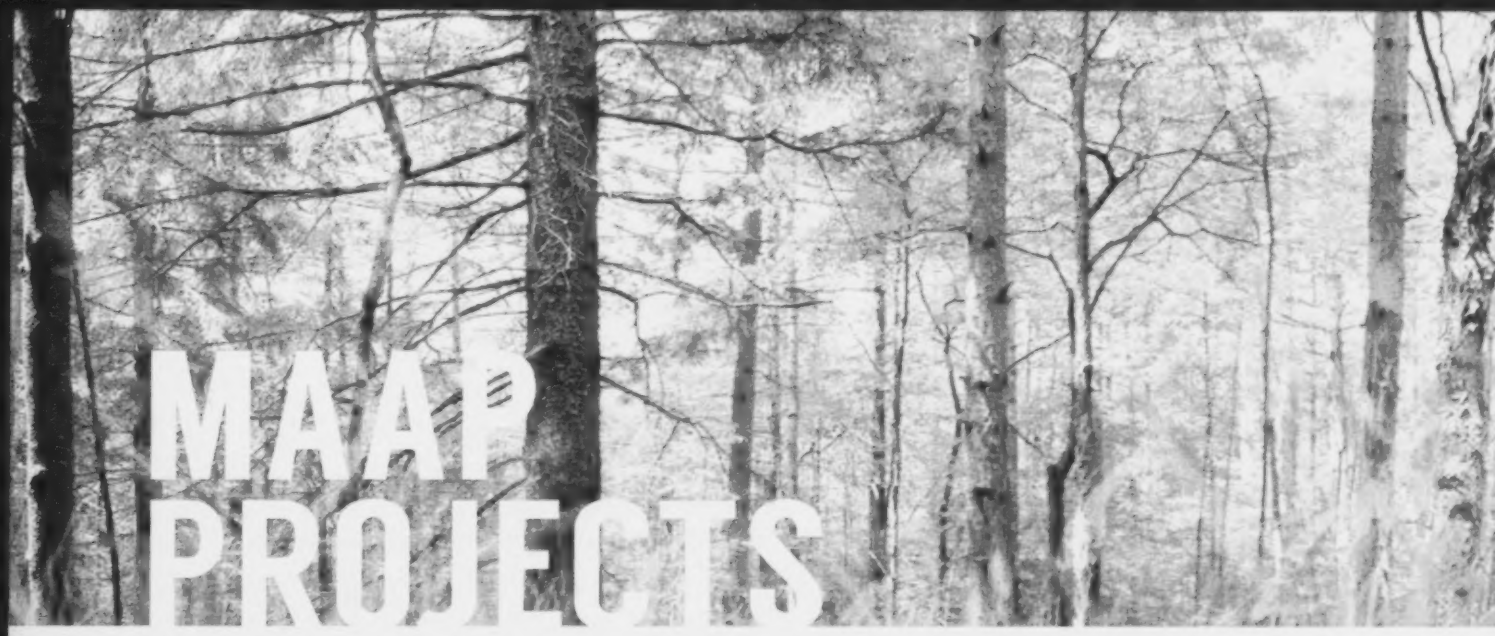
EGREMONT TOWNSHIP, GREY COUNTY

The Weber pit was one of the first times that MAAP used survey data derived from a drone flying over the site. The drone collected raw point data that was used to generate a surface model in Autocad. The legacy pit was well known to the public as the pit limits ran right up to the road and a great testimonial to the work of the MAAP program in rehabilitating legacy pits. The site was one of the all-too-rare instances where topsoil had been left on site and was available for use in rehabilitating the site. In addition, deep deposits of organic soil were discovered through conducting test pits in adjacent low areas that would be incorporated into the project. The MAAP program always completes test pitting to understand the soil dynamics when it comes to the development of the rehabilitation plan. Construction was completed in mid-September and the landowner was able to plant the site in winter wheat immediately after earthwork was completed. The result was a site not only capable of supporting an agricultural after-use, but indistinguishable from the adjacent fields in supporting vigorous crop growth.

BEFORE

DURING

AFTER



MAAP PROJECTS

15-04b Brouilette Pit

HUNGERFORD TOWNSHIP, HASTINGS COUNTY

The Brouliette pit was comprised of a large area that had been stripped and left barren with a long narrow organic berm at the north end of the pit. Aggregate extraction had occurred from several fronts, leaving numerous pit faces of variable, albeit shallow heights. This project was a testament to the value of test pitting and scratching around the site to find any organic soils that may be made available for the project. In doing so, we were able to locate organic soils that had been pushed off to the south end of the pit as well. These 'found' organic soils were mixed in with large boulders and would be a challenge to set aside but would be critical in the success of the projects final product. The contractor was careful to both strip out, screen boulders, and evenly spread the 'found' organic soils over the final grade. The landowner was motivated by the finished project to commit to stone picking and further grooming prior to applying a hardy seed mix.

BEFORE

DURING

AFTER

LIFE AFTER AGGREGATE EXTRACTION

eSurrender is an electronic database of surrendered aggregate licences and permits in the Province of Ontario. Developed by TOARC in response to the 2013 Review of the Aggregate Resources Act by the Standing Committee of General Government, eSurrender provides information on the end-use of restored aggregate sites.

A public database will be available in the summer of 2017 and will contain information on the current and surrounding land-uses as well as information on the licence/permit itself, including operation type, licence/permit class, licenced area, location, and surrendered date. A photographic record of the sites will also be included.

Information on the current and surrounding land-use is a critical component of the eSurrender database. Land-use information is mainly being collected through field verifications as well as from Ontario Sand, Stone and Gravel Association's (OSSGA) 2010-2014 rehabilitation study. To date there are 8084 sites in the eSurrender database. Because of all efforts, all areas in southern Ontario have been visited! While reviewing all our data, we found that there are many permits that have been surrendered in northern Ontario, a whopping 6,000 sites!

Many of these surrendered permits are located outside of the designated areas of the Aggregate Resources Act. Staff is currently scrubbing this data and initial findings show that many sites are currently being used by the forest industry, have never had aggregate removed, lack information to accurately locate, or are not accessible.

Licence surrendered in 2000 created a vibrant wetland and productive agricultural lands, Guelph Ontario.

However, staff are working to develop a random sampling protocol for these remote areas to provide as complete a picture of rehabilitation of aggregate sites to the public as possible. In addition, staff will continue to visit newly surrendered sites to keep the database as up-to-date as possible.

Initial results show that, for restored quarries, site land-uses were predominantly natural (30%), open space (23%), water (15%), and residential (11%). For restored pits, site land-uses were predominantly natural (28%), open space (23%), agriculture (20%), and water (11%). It was also found that sites located primarily in agricultural areas are being returned to agriculture uses.

Generally the rehabilitation was very well done. It was often hard to locate the sites as they blended in so well to the surrounding landscape. However, at other sites, there was some opportunity to raise the rehabilitation bar.

Aggregate resources are used every day, so it is important that it be extracted in a responsible way- including the final rehabilitation! eSurrender will allow for a more transparent process and for better knowledge of what types of rehabilitation can be completed. And who knows, some people may even be surprised to find that their favourite park was an aggregate site that helped build their community.

EDUCATION & AGGREGATES!

One of the important Trust's purposes is the education and training of those in or interested in the aggregate industry.

AGGREGATE RESOURCES, PLANNING AND DEVELOPMENT

In 2015 TOARC was approached by the University of Waterloo to support a graduate course on Aggregate Resources, Planning and Development to help increase knowledge on the rapid evolution of aggregate resources for the Province's future planners. In 2016, the course was in full swing and had its second class of students. The students were exposed to a variety of aggregate topics including geological basics and economics of Aggregate Resources, the proposed *Aggregate Resources and Mining Modernization Act*, pit / quarry licencing process, Planning Act requirements for pit and quarries, provincial plans and the 2014 *Provincial Policy Statement* (PPS) issues related to aggregate resources. The course also covered some media interest pieces such as recent / significant OMB / ERT decisions related to aggregate resources, practical and innovative rehabilitation and after-use strategies, water issues related to pits and quarries and technical reviews of applications. The classes welcomed many guest lecturers and some field trips to active and surrendered aggregate sites.

The course is not only for students at the University of Waterloo but is open to individuals in planning and the aggregate industry looking to expand their knowledge! Please contact TOARC or the University of Waterloo for more information on registration.

ENVIROTHON

In 2016 TOARC was excited to support Envirothon when the annual North American competition was held right here in Ontario! Envirothon isn't just an educational program—it's a team-based competition for high school students who love the outdoors. It is a sort of incubator for the environmental leaders of tomorrow, designed to prepare students for future green careers.

Since 1994, thousands of students, teachers and volunteers have participated in annual Envirothon competitions, putting knowledge they have learned in the field to the test. Interactive workshops give students hands-on experience with forests, soils, wildlife, and aquatic ecosystems, while team-based activities are designed to develop critical thinking, problem solving, teamwork, leadership and communication skills. In Ontario, over 200 schools participate and there are now over 10,000 Envirothon alumni.

TOARC worked with the team at Forests Ontario to develop an online Aggregates module for the Envirothon curriculum that would be used by all of the Ontario students in the program. The module introduced students to aggregates, including their uses, why they are important, how sites are rehabilitated and sustainability practices.

Please visit **www.forestsontario.ca** for more information.

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF AGGREGATE RESOURCES TRUST:

We have audited the accompanying financial statements of Aggregate Resources Trust (the "Trust"), which comprise the statement of financial position as at December 31, 2016, and the statements of revenue and expenses and changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
April 6,2017

AGGREGATE RESOURCES TRUST

Statement of Financial Position

	DECEMBER 31 2016 $	DECEMBER 31 2015 $
ASSETS		
CURRENT		
Cash	1,482,029	**1,342,840**
Short-term investments [note 2]	398,046	**564,653**
Due from Licensees and Permittees	177,568	**234,607**
Due from the Ontario Stone, Sand & Gravel Association [note 5]	—	**43**
HST recoverable	51,383	**40,105**
Interest and dividends declared receivable	22,408	**26,485**
Prepaid expenses	26,630	**19,991**
TOTAL CURRENT ASSETS	2,158,064	**2,228,724**
Investments [note 3]	18,978,649	**18,745,320**
Capital assets, net [note 4]	224,363	**137,884**
	21,361,076	**21,111,928**
LIABILITIES AND TRUST FUNDS		
CURRENT		
Accounts payable and accrued liabilities	135,908	**198,955**
Wayside permit deposits	68,250	**29,250**
Deferred Aggregate Resources Charges	15,610	**82,481**
Due to Governments	376,285	**534,543**
Current Portion - Conditional Sales Contract - Auto Loan [note 6]	4,715	**4,715**
TOTAL CURRENT LIABILITIES	600,768	**849,944**
CONDITIONAL SALES CONTRACT - AUTO LOAN [note 6]	8,645	**12,967**
TOTAL LIABILITIES	609,413	**862,911**
TRUST FUNDS		
Rehabilitation Fund [see schedules]	18,615,667	**18,105,583**
Abandoned Pits and Quarries Rehabilitation Fund [see schedules]	2,135,996	**2,143,434**
TOTAL TRUST FUNDS	20,751,663	**20,249,017**
	21,361,076	**21,111,928**

The accompanying notes and schedules are an integral part of these financial statements.

On behalf of the Trust by The Ontario Aggregate Resources Corporation as Trustee:

Director

Director

AGGREGATE RESOURCES TRUST

Statement of Revenue and Expenses and Changes in Fund Balances

For The Year Ended December 31	2016 $	2015 $
REVENUE		
Investment income [note 3]	1,292,114	1,423,173
Unrealized changes in fair values	606,775	(28,016)
Publications	—	404
Gain on disposal of capital assets	93	—
	1,898,982	1,395,561
EXPENSES		
Trust's expenses [note 9]	1,267,365	1,191,228
Amortization	61,333	60,089
Investment management fees	138,516	139,835
	1,467,214	1,391,152
EXCESS OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	431,768	4,409
Aggregate Resources Charges	19,955,109	18,969,026
Allocated to the Governments	(19,182,230)	(18,226,731)
Allocated to the Crown	(772,879)	(742,295)
Expenditures incurred in meeting the Trust purposes [see schedules]	(702,001)	(719,583)
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(270,233)	(715,174)
Trust Funds, beginning of year	20,249,017	20,221,896
Funds reinvested by the Crown	772,879	742,295
TRUST FUNDS, END OF YEAR	20,751,663	20,249,017

The accompanying notes and schedules are an integral part of these financial statements

AGGREGATE RESOURCES TRUST

Statement of Cash Flows

For The Year Ended December 31	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	(270,233)	(715,174)
Add (less) items not involving cash		
Amortization	61,333	60,089
Unrealized changes in fair values	(606,775)	28,016
Gain on disposal of capital assets	(93)	—
	(815,768)	(627,069)
Net change in non-cash working capital balances related to operations		
Due from Licensees and Permittees	57,039	(83,656)
HST recoverable	(11,278)	3,816
Due from Ontario Stone, Sand & Gravel Association	43	(43)
Interest and dividends declared receivable	4,077	(600)
Prepaid expenses	(6,639)	9,544
Accounts payable and accrued liabilities	(63,047)	(305)
Due to Ontario Stone, Sand & Gravel Association	—	(2,938)
Wayside permit deposits	39,000	(23,996)
Deferred Aggregate Resources Charges	(66,871)	22,819
Due to Governments	(158,258)	267,253
CASH USED IN OPERATING ACTIVITIES	(1,021,702)	(435,175)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(148,219)	(45,620)
Proceeds on disposal of capital assets	500	—
Purchase of short-term investments	(20,518,872)	(20,622,330)
Sale of short-term investments	20,685,479	20,599,229
Purchase of investments	(861,645)	(1,815,537)
Sale of investments	1,235,091	2,104,674
CASH PROVIDED BY INVESTING ACTIVITIES	392,334	220,416
CASH FLOWS FROM FINANCING ACTIVITY		
Funds reinvested by the Crown	772,879	742,295
Conditional Sales Contract – Auto Loan	(4,322)	(4,715)
CASH PROVIDED BY FINANCING ACTIVITIES	768,557	737,580
NET INCREASE (DECREASE) IN CASH DURING THE YEAR	139,189	522,821
Cash, beginning of year	1,342,840	820,019
CASH, END OF YEAR	1,482,029	1,342,840

The accompanying notes and schedules are an integral part of these financial statements

AGGREGATE RESOURCES TRUST

Schedules of Statement of Revenue and Expenses and Changes in Fund Balances for the Aggregate Resources Fund, Rehabilitation Fund and Abandoned Pits and Quarries Rehabilitation Fund

For The Year Ended December 31, 2016	AGGREGATE RESOURCES FUND $	REHABILITATION FUND $	ABANDONED PITS AND QUARRIES REHABILITATION FUND $	TOTAL $
REVENUE				
Investment income [note 3]	—	1,048,696	243,418	1,292,114
Unrealized changes in fair value	—	542,546	64,229	606,775
Gain (Loss) on disposal of capital assets		467	(374)	93
	—	1,591,709	307,273	1,898,982
EXPENSES				
Trust's expenses [note 3]	—	698,199	569,166	1,267,365
Amortization	—	28,780	32,553	61,333
Investment management fees	—	121,684	16,832	138,516
	—	848,663	618,551	1,467,214
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	—	743,046	(311,278)	431,768
Aggregate Resources Charges	19,955,109	—	—	19,955,109
Allocated to the Governments	(19,182,230)	—	—	(19,182,230)
Allocated to the Crown	(772,879)	—	—	(772,879)
Expenditures incurred in meeting the Trust purposes [see schedule]	—	(232,962)	(469,039)	(702,001)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	—	510,084	(780,317)	(270,233)
Trust Funds, beginning of year	—	18,105,583	2,143,434	20,249,017
Funds reinvested by the Crown	772,879	—	—	772,879
Interfund transfer	(772,879)	—	772,879	—
TRUST FUNDS, END OF YEAR	—	18,615,667	2,135,996	20,751,663

The accompanying notes and schedules are an integral part of these financial statements.

AGGREGATE RESOURCES TRUST

Schedules of Statement of Revenue and Expenses and Changes in Fund Balances for the Aggregate Resources Fund, Rehabilitation Fund and Abandoned Pits and Quarries Rehabilitation Fund

For The Year Ended December 31, 2015	AGGREGATE RESOURCES FUND $	REHABILITATION FUND $	ABANDONED PITS AND QUARRIES REHABILITATION FUND $	TOTAL $
REVENUE				
Investment income (note 3)	—	1,270,115	153,058	1,423,173
Unrealized changes in fair value	—	(24,892)	(3,124)	(28,016)
Publications	—	50	354	404
	—	1,245,273	150,288	1,395,561
EXPENSES				
Trust's expenses (note 9)	—	647,391	543,837	1,191,228
Amortization	—	26,532	33,557	60,089
Investment management fees	—	122,032	17,803	139,835
	—	795,955	595,197	1,391,152
Excess (deficiency) of revenue over expenses before the following	—	449,318	(444,909)	4,409
Aggregate Resources Charges	18,969,026	—	—	18,969,026
Allocated to the Governments	(18,226,731)	—	—	(18,226,731)
Allocated to the Crown	(742,295)	—	—	(742,295)
Expenditures incurred in meeting the Trust purposes (see schedule)	—	(204,389)	(515,194)	(719,583)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	—	244,929	(960,103)	(715,174)
Trust Funds, beginning of year	—	17,860,654	2,361,242	20,221,896
Funds reinvested by the Crown	742,295	—	—	742,295
Interfund transfer	(742,295)	—	742,295	—
TRUST FUNDS, END OF YEAR	—	18,105,583	2,143,434	20,249,017

The accompanying notes and schedules are an integral part of these financial statements.

AGGREGATE RESOURCES TRUST

Schedules of Rehabilitation Costs for the Rehabilitation Fund

For The Year Ended December 31, 2016

PROJECT NUMBER	PROJECT NAME	APPROVED AMOUNT $	PAID OR PAYABLE / (RECOVERED) $
15-001	Canamerican Granite Corp. Pit, District of Sudbury	22,493	18,942
15-002	ONeil, Gerald Lumber Limited. Pit, Hastings County	46,220	46,220
	Unallocated projects	31,287	—
RECOVERIES			
14-001	Nutall Pit, District of Sudbury	—	(48,672)
	Education		
	TOARC study of surrendered sites in Ontario – (e-Surrender)*	184,700	147,157
	Student Rehabilitation Design Competition	12,000	11,913
	Rehabilitation Tour Oshawa & surrounding area	1,500	1,200
	University of Waterloo - Aggregate Resources Planning Credit Course	12,500	12,500
	Forests Ontario- Sponsorship Envirothon 2016	25,000	25,000
	Tendering, consulting and other	22,000	13,810
14-002	Ed's Excavating	—	4,892
		357,700	232,962

The accompanying notes are an integral part of these financial statements
* approved amount is the annual portion of an approved five-year project starting in 2015 totaling $729,885

For The Year Ended December 31, 2015

PROJECT NUMBER	PROJECT NAME	APPROVED AMOUNT $	PAID OR PAYABLE / (RECOVERED) $
13-002	Neuman Pit, Hastings County	—	(240)
14-003	1080678 Ontario Inc. Pit, Simcoe County	4,127	4,127
14-004	Parent Pit, Renfrew County	650	650
15-001	Canamerican Granite Corp. Pit, District of Sudbury	7,740	1,678
15-002	ONeil, Gerald Lumber Limited. Pit, Hastings County	3,790	3,790
15-003	Estate of the late Eric L. Davies. Pit, Middlesex County	18,061	18,061
	Unallocated projects	215,632	—
RECOVERIES			
12-001B	Stone Pit, Renfrew County	(25,000)	(9,770)
13-002	Neuman Pit, Hastings County	(25,000)	(13,274)
	Education		
	TOARC study of surrendered sites in Ontario – (e-Surrender)*	146,685	109,938
	Student Rehabilitation Design Competition	12,000	11,302
	Rehabilitation Tour Owen Sound & surrounding area	1,500	1,600
	University of Waterloo - Aggregate Resources Planning Credit Course	17,500	17,500
	Tendering, consulting and other	32,000	59,027
		409,685	204,389

The accompanying notes are an integral part of these financial statements
* Approved amount is the annual portion of an approved five-year project starting in 2015 totaling $729,885

AGGREGATE RESOURCES TRUST

Schedule of Rehabilitation Costs for the Abandoned Pits and Quarries Rehabilitation Fund

For The Year Ended December 31, 2016

PROJECT NUMBER	PROJECT NAME	APPROVED AMOUNT $	PAID OR PAYABLE / (RECOVERED) $
15-10C	Kuhl Pit, Grey County	—	2,218
15-11	C. Martin Pit, Wellington County	4,800	4,800
16-01A	Harris Pit, Northumberland County	2,591	3,610
16-01B	Buchannan Pit, Northumberland County	486	486
16-02A	Sanftenberg Pit, Renfrew County	14,664	11,815
16-02B	McLean Pit, Renfrew County	2,806	2,806
16-03A	Reid Pit, Renfrew County	8,140	8,367
16-03B	Mick Pit, Renfrew County	22,315	22,315
16-03C	LeClaire#1 Pit, Renfrew County	2,535	2,535
16-03D	LeClaire#2 Pit, Renfrew County	8,075	8,075
16-03E	Mundt Pit, Renfrew County	28,125	28,125
16-03F	Red Pine Camp Inc., Pit, Renfrew County	13,975	13,975
16-04A	Smith Pit, Dufferin County	36,715	39,205
16-04B	Weppler#1 Pit, Renfrew County	25,500	29,696
16-04C	Weppler#2 Pit, Renfrew County	16,600	16,600
16-05A	Kostoff Pit, Northumberland County	8,215	8,215
16-05B	Brady Pit, Northumberland County	5,401	6,201
16-05C	White Pit, Northumberland County	18,142	14,577
16-05D	Tinney Pit, Northumberland County	10,794	10,794
16-06A	Ibboston Pit, Northumberland County	6,860	6,860
16-06B	Klem Pit, Northumberland County	17,518	17,833
16-06C	Deliso Pit, Northumberland County	3,300	3,300
16-06D	Groenewegen Pit, Northumberland County	6,175	6,490
16-07B	R Nelson Pit, Northumberland County	3,800	3,800
16-07Ci	Barlow Pit, Northumberland County	16,300	16,300
16-07Cii	Barlow Pit, Northumberland County	10,600	10,600
16-07D	Beven Pit, Northumberland County	10,672	10,672
16-07E	Taylor Pit, Northumberland County	28,355	28,573
16-08A	Dunstan Pit, Grey County	747	747
16-08B	Mansfield Pit, Wellington County	1,527	1,527
16-09	Caterall Pit, Durham County	360	360
16-10B	McMullen Pit, City of Kawartha Lakes	7,250	7,639
16-10C	Morrison Pit, City of Kawartha Lakes	10,100	10,554
16-11A	Diamond Pit, City of Kawartha Lakes	8,549	8,938
16-11B	Beers Pit, City of Kawartha Lakes	50,000	53,354
16-11C	Chiarotto Pit, City of Kawartha Lakes	6,000	6,128
16-12A	Elmhirst Pit, City of Kawartha Lakes	20,140	20,678
16-12B	Plouffe Pit, City of Kawartha Lakes	2,250	2,250
	Unallocated projects	9,618	—
	Research costs		
	Dr. Richardson – Mitigating Extraction through Afforestation*	215,080	—
	NSERC, Shared costs Mitigation Extraction through Afforestation*	(107,540)	—
	TOARC Internal Research on Agricultural Rehabilitation	2,825	2,825
	Tendering, consulting and other	19,875	15,196
		580,240	469,039

The accompanying notes are an integral part of these financial statements

* Still waiting for NSERC funding confirmation, project go ahead contingent on NSERC or similar matching alternative funding, approved amount is the annual portion of a four-year fiscal period project totaling $860,320 and ($430,160) respectively

AGGREGATE RESOURCES TRUST

Schedule of Rehabilitation Costs for the Abandoned Pits and Quarries Rehabilitation Fund

For The Year Ended December 31, 2015

PROJECT NUMBER	PROJECT NAME	APPROVED AMOUNT $	PAID OR PAYABLE / (RECOVERED) $
14-01	CLOCA Sisson Pit, Durham County	72,959	72,959
14-03	Emke Pit, Bruce County	1,019	1,019
14-04	Kuephfor Pit, Bruce County	1,019	1,019
14-05B	Benson Pit, Bruce County	—	(291)
14-06A	Martin Pit, Bruce County	1,019	1,019
14-06B	Scott Pit, Bruce County	1,019	1,019
14-07	White Pit, Bruce County	616	616
15-01A	Rigelhof Pit, Hastings County	3,430	3,430
15-01B	Carr Pit, Hastings County	2,380	2,380
15-01C	Cunniam Pit, Hastings County	5,585	5,585
15-01D	Connelly Pit, Hastings County	2,697	2,697
15-02A	MacDonald Pit, Hastings County	2,674	3,617
15-02B	Campbell Pit, Hastings County	5,918	6,155
15-02C	K. Smith Pit, Hastings County	11,958	12,195
15-03	Belyea Pit, Hastings County	70,994	71,232
15-04A	Palmateer Pit, Hastings County	20,430	20,751
15-04B	Brouilette Pit, Hastings County	10,669	10,990
15-05A	D. Smith Pit, Hastings County	14,361	14,681
15-05B	Mackey Pit, Hastings County	50,225	50,506
15-07	Edwards Pit, Algoma District	37,740	36,634
15-08A	Mansfield Pit, Wellington County	18,672	18,809
15-08B	Stewart Pit, Grey County	12,548	12,685
15-08C	Weber Pit, Grey County	16,999	16,350
15-09A	M. Martin Pit, Grey County	14,709	14,864
15-09B	Mahlmann Pit, Grey County	8,844	8,981
15-09C	Pillisch Pit, Grey County	7,233	7,369
15-10A	Dunstan Pit, Grey County	21,083	21,220
15-10B	Drury Pit, Grey County	14,993	14,993
15-10C	Kuhl Pit, Grey County	33,470	33,607
15-10D	Becker Pit, Grey County	6,625	6,625
15-11	C. Martin Pit, Wellington County	4,800	137
16-00	2016 Various jobs to be allocated in 2016	1,665	1,665
	Unallocated projects	21,647	—
	Research costs		
	Dr. Richardson – Determining the time span and ecological conditions necessary for afforested environments to support older-growth understory communities	21,944	14,991
	TOARC Internal Research on Agricultural Rehabilitation	35,195	20,901
	Tendering, consulting and other	3,000	3,784
		560,139	515,194

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FORMATION AND NATURE OF TRUST

Aggregate Resources Trust (the "Trust") was settled by Her Majesty the Queen in Right of the Province of Ontario (the "Crown") as represented by the Minister of Natural Resources and Forestry (the "Minister") for the Province of Ontario pursuant to Section 6.1(1) of the Aggregate Resources Act, R.S.O. 1990, Chap. A.8 as amended (the "Act"). The Minister entered into a Trust Indenture dated June 27, 1997 (the "Trust Indenture") with The Ontario Aggregate Resources Corporation ("TOARC") appointing TOARC as Trustee of the Trust.

The Trust's goals are: (a) the rehabilitation of land for which a Licence or Permit has not been completed; (b) the rehabilitation of abandoned pits and quarries, including surveys and studies respecting their location and condition; (c) research on aggregate resource management, including rehabilitation; (d) making payments to the Crown and to regional municipalities, counties and local municipalities in accordance with regulations made pursuant to the Act; (e) the management of the Abandoned Pits and Quarries Rehabilitation Fund; and (f) such other purposes as may be provided for by or pursuant to Section 6.1(2)5 of the Act.

In 1999 the Trust's purposes were expanded by amendment to the Trust Indenture to include: (a) "the education and training of persons engaged in or interested in the management of the aggregate resources of Ontario, the operation of pits or quarries, or the rehabilitation of land from which aggregate has been excavated; and (b) the gathering, publishing and dissemination of information relating to the management of the aggregate resources of Ontario, the control and regulation of aggregate operations and the rehabilitation of land from which aggregate has been excavated."

In accordance with the Trust Indenture, TOARC administers the Trust which consists of three funds: the Aggregate Resources Fund, the Rehabilitation Fund and the Abandoned Pits and Quarries Rehabilitation Fund. TOARC is a mere custodian of the assets of the Trust and all expenditures made by TOARC are expenditures of the Trust.

Prior to the creation of the Trust, the Trust's goals were pursued by the Minister and, separately, the Ontario Stone, Sand & Gravel Association (the "OSSGA") formerly The Aggregate Producers' Association of Ontario (the "APAO"). Upon the creation of the Trust, rehabilitation security deposits held by the Crown, as represented by the Minister, were to be transferred to the Trust. In addition, the Crown directed the OSSGA to transfer, on behalf of the Crown, the Abandoned Pits and Quarries Rehabilitation Fund to the Trust. By December 31, 1999, the Minister and the OSSGA had transferred $59,793,446 and $933,485, respectively, to the Trust.

Pursuant to the Trust Indenture, TOARC "shall pay and discharge expenses properly incurred by it in carrying out and fulfilling the Trust purposes and the administration of the Trust . . ." (Section 7.02).

The Aggregate Resources Fund is for the collection of the annual licence and permit fees, royalties, and wayside permit fees (aggregate resources charges) collected on behalf of the Minister. Effective for the 2007 production year the annual licence fee increased from $0.06 per tonne to $0.115 per tonne. The licence fees are due by March 15 of the following year, and are disbursed within six months of receipt. The fees are disbursed as follows: (a) $0.06 to the lower tier municipality, (b) $0.015 to the upper tier municipality, (c) $0.035 to the Crown, collectively (the "Governments") and (d) $0.005 to the Trust. Minimum annual fees were increased effective for the 2007 production year:

- a Class A licence from $200 to $400 or $0.115 per tonne whichever is greater;
- a Class B licence from $100 to $200 or $0.115 per tonne whichever is greater;
- the minimum wayside fee from $100 to $400 or $0.115 per tonne whichever is greater;
- the annual aggregate permit fee from $100 to $200; and
- the minimum royalty rate for aggregate extracted on Crown land from $0.25 to $0.50 per tonne.

For production prior to 2007 all aggregate resources charges remain at the old fee schedule with the $0.06 licence fee being disbursed as follows: (a) $0.04 to the lower tier municipality, (b) $0.005 to the upper tier municipality, (c) $0.01 to the Crown, collectively (the "Governments") and (d) $0.005 to the Trust.

The funds reinvested by the Crown to the Trust from the Aggregate Resources Fund will be transferred within the Trust and used for the Rehabilitation Fund and the Abandoned Pits and Quarries Rehabilitation Fund. In addition, the Trust collects the royalty payments and annual fees related to aggregate permits and also disburses the funds to the Crown within six months of receipt.

The Rehabilitation Fund represents the rehabilitation security deposits, contributed by Licensees and Permittees, held by the Crown and, in accordance with the Trust Indenture, transferred to the Trust. TOARC has been directed by the Minister to refund approximately 3,000 individual licensee and permittee

NOTES TO FINANCIAL STATEMENTS

accounts based on the formula of retaining $500 per hectare disbursed on licenses and 20% of the deposit amount for aggregate permits. As a result, the Trust has refunded approximately $48.6 million as per the Crown's directions. The balance of funds will be used to ensure the rehabilitation of land where licenses and/or permits have been revoked and final rehabilitation has not been completed.

The Abandoned Pits and Quarries Rehabilitation Fund is for the rehabilitation of abandoned sites and related research. Abandoned sites are pits and quarries for which a licence or permit was never in force at any time after December 31, 1989.

The Trust's expenses (or Trustee's expenses) are the amounts paid pursuant to Article 7.02 of the Trust Indenture.

Pursuant to Section 4.01 of the Trust Indenture, the Trust's assets and the income and gains derived therefrom are property belonging to the Province of Ontario within the meaning of Section 125 of the Constitution Act, 1867 and, by reason of Section 7.01 of the Trust Indenture, the amounts paid by the Trustee pursuant to Article 7 are paid to or for the benefit of the Crown.

BASIS OF ACCOUNTING

The financial statements of the Trust have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from management's best estimates as additional information becomes available in the future. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies of the Trust.

AGGREGATE RESOURCES CHARGES

Aggregate resources charges collected on behalf of the Minister are recorded upon receipt of a tonnage report from Licensees and Permittees. Aggregate resources charges are based on the tonnage produced in the preceding period by the Licensees and Permittees as reported by the Licensees and Permittees. If there is no production in the preceding period, an annual fee is recognized for Permittees.

Deferred Aggregate Resources Charges represents prepayments and overpayments of fees charged to Licensees and Permittees.

CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded to write off the cost of capital assets over their estimated useful lives on a straight-line basis as follows:

Computer equipment and software	3 to 5 years
Furniture and fixtures	5 years
Vehicles	3 years

FINANCIAL INSTRUMENTS

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities and pooled funds traded in an active market are reported at fair value, with realized gains and losses and unrealized changes in fair values of investments recorded in the Statement of Revenue and Expenses and Changes in Fund Balances under investment income and unrealized changes in fair value respectively. In addition, all promissory notes, treasury bills and bonds have been designated to be in the fair value category, with realized gains and losses and unrealized changes in fair values of investments recorded in the Statement of Revenue and Expenses and Changes in Fund Balances under investment income and unrealized changes in fair value respectively. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are included in the Statement of Revenue and Expenses and Changes in Fund Balances under investment income for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

REVENUE RECOGNITION

Investment income is recognized in the period in which it is earned.

FOREIGN CURRENCY TRANSLATION

Foreign currency accounts are translated into Canadian dollars as follows:

Foreign currency assets and liabilities are translated into Canadian dollars by the use of the exchange rate prevailing at the year-end date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. The resulting foreign exchange gains and losses are included in investment income in the current period.

2 SHORT-TERM INVESTMENTS

Short-term investments consist of:	2016 $	2015 $
Corporate Alimentation Couche-Tard Note, bears interest at 2.861%	15,185	—
Municipal Finance Authority of British Columbia Note, bears interest at 4.80%	77,674	—
Provincial Guaranteed Issues – Canadian Alberta Capital Finance Authority Debenture, bears interest at 4.65%	101,757	—
Province of Saskatchewan Debenture, bears interest at 4.65%	102,622	—
Province of Ontario Note, bears interest at 1.90%	100,808	—
GTAA Note, bearing interest at 4.70% per annum	—	50,198
Hydro One Inc. Note, bearing interest at 4.64% per annum	—	50,295
Canadian Treasury Bill, bearing interest at 0.50% per annum	—	109,896
Municipal Finance Authority of British Columbia, bearing interest at 4.65% per annum	—	75,850
Manitoba Telecom Services Note, bearing interest at 6.65% per annum	—	71,241
Province of Ontario Floating rate Note, bears interest at 1.474% per annum	—	50,099
Province of New Brunswick Note, bears interest at 4.70% per annum	—	51,111
Province of Manitoba Floating rate Note, bears interest at 1.43% per annum	—	35,055
Province of Manitoba Debenture, bears interest at 2.05% per annum	—	70,908
	398,046	564,653

The short-term investments have maturity dates ranging from June 15, 2017 to December 1, 2017.

3 INVESTMENTS

Investments consist of the following:	2016		2015	
	FAIR VALUE $	COST $	FAIR VALUE $	COST $
Bonds	2,694,194	2,660,724	2,914,451	2,833,175
Canadian Equities	2,583,656	1,721,630	2,153,794	1,683,956
Foreign Equities	3,935,755	3,198,763	4,089,742	3,318,573
Pooled Funds	9,765,044	7,075,707	9,820,662	7,183,682
	18,978,649	14,656,824	18,745,320	15,019,386

The bonds consist of Government of Canada and Agencies bonds, Crown Corporations bonds and Corporate bonds that bear interest at rates ranging from 0.903% to 10.85% per annum [2015 – 0.919% to 10.85%] with maturity dates ranging from March 5, 2018 to June 1, 2027.

Investment income is broken down as follows:	2016 $	2015 $
Interest income	328,244	332,873
Dividends	336,689	391,119
Realized capital gains	623,898	679,291
Foreign exchange gains	3,135	19,815
Other income	148	75
	1,292,114	1,423,173

Investment income of the Rehabilitation Fund includes interest earned on Aggregate Resources Charges collected on behalf of the Minister of $119,285 (2015 - $113,716)

NOTES TO FINANCIAL STATEMENTS

4 CAPITAL ASSETS

Capital assets consist of the following:

	2016			2015		
	COST $	ACCUMULATED AMORTIZATION $	NET BOOK VALUE $	COST $	ACCUMULATED AMORTIZATION $	NET BOOK VALUE $
Computer equipment and software	466,728	259,901	206,827	**319,507**	**218,860**	**100,647**
Furniture and fixtures	86,113	83,329	2,784	**105,169**	**101,073**	**4,096**
Vehicles	55,171	40,419	14,752	**55,170**	**22,029**	**33,141**
	608,012	383,649	224,363	**479,846**	**341,962**	**137,884**

5 DUE FROM THE ONTARIO STONE, SAND & GRAVEL ASSOCIATION

Amounts due from the Association are unsecured, non-interest bearing and are due on demand. These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

6 CONDITIONAL SALES CONTRACT - AUTO LOAN

	$
Conditional Sales Contract - Auto Loan	13,360
Less current portion	(4,715)
	8,645

The Conditional Sales Contract bears no interest, is secured by the vehicle and has a term of sixty months maturing September 30, 2019 with monthly payments of $393.

7 COMMITMENTS

The Trust has entered into a number of Research Funding Agreements. The future annual payments, in total and over the next four years, are as follows:

	$
2017	269,133
2018	248,496
2019	255,632
2020	232,866
	1,006,127

8 LEASE COMMITMENTS

The future minimum annual lease payments (excluding HST) are as follows:

	$
2017	65,021
2018	48,765
	113,786

9 TRUST'S EXPENSES

Short-term investments consist of:

For The Year Ended December 31, 2016

	REHABILITATION FUND $	ABANDONED PITS AND QUARRIES REHABILITATION FUND $	TOTAL $
EXPENSES			
Salaries and employee benefits	468,653	416,414	885,067
Board expenses	3,768	2,938	6,706
Professional fees	66,077	16,074	82,151
Data processing	11,634	22,314	33,948
Travel	63,170	49,826	112,996
Communication	24,300	23,328	47,628
Office	14,422	6,055	20,477
Office lease, taxes and maintenance	41,876	30,136	72,012
Insurance	4,300	1,659	5,959
Trust's Expenses	698,199	569,166	1,267,365

For The Year Ended December 31, 2015

	REHABILITATION FUND $	ABANDONED PITS AND QUARRIES REHABILITATION FUND $	TOTAL $
EXPENSES			
Salaries and employee benefits	**443,877**	**408,414**	**852,291**
Board expenses	**2,805**	**2,806**	**5,611**
Professional fees	**56,302**	**10,486**	**66,788**
Data processing	**14,193**	**21,684**	**35,877**
Travel	**51,268**	**46,150**	**97,418**
Communication	**23,842**	**22,616**	**46,458**
Office	**15,960**	**3,858**	**19,818**
Office lease, taxes and maintenance	**35,712**	**25,939**	**61,651**
Insurance	**3,432**	**1,884**	**5,316**
Trust's Expenses	**647,391**	**543,837**	**1,191,228**

NOTES TO FINANCIAL STATEMENTS

10 FINANCIAL INSTRUMENT RISKS

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Trust is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Trust is subject to credit risk through its due from Licensees and Permittees, due from the Ontario Stone, Sand & Gravel Association and interest and dividends declared receivable. This risk has not changed from the prior year.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust is exposed to currency risk arising from the possibility that changes in foreign exchange rates will affect the value of its foreign currency investments. This risk has not changed from the prior year.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments (Notes 2, 3). This risk has not changed from the prior year.

LIQUIDITY RISK

Liquidity risk is the risk that the Trust encounters difficulty in meeting its obligations associated with its financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Trust will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Trust's accounts payable and accrued liabilities and due to Governments. This risk has not changed from the prior year.

MARKET RISK

The Trust is subject to market risk with respect to its investments. The values of these investments will fluctuate as a result of changes in market prices affecting the value of the investments. This risk has not changed from the prior year.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF THE ONTARIO AGGREGATE RESOURCES CORPORATION:

We have audited the accompanying financial statements of The Ontario Aggregate Resources Corporation (the "Corporation"), which comprise the balance sheet as at December 31 , 2016 and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation·s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation·s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion , the financial statements present fairly, in all material respects, the financial position of The Ontario Aggregate Resources Corporation as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
April 6,2017

The Ontario Aggregate Resources Corporation

BALANCE SHEET

DECEMBER 31	2016 $	2015 $
ASSET		
Cash	1	1
SHAREHOLDER'S EQUITY		
Share capital		
Authorized and issued, 1 common share	1	1
Retained earnings	—	—
TOTAL SHAREHOLDER'S EQUITY	1	1

The accompanying note is an integral part of these financial statements

On behalf of the Board:

Director

Director

The Ontario Aggregate Resources Corporation

NOTE TO FINANCIAL STATEMENTS

For the year ended December 31, 2016

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FORMATION AND NATURE OF CORPORATION

The Ontario Aggregate Resources Corporation [the "Corporation"] was incorporated on February 20, 1997. The Corporation's sole shareholder is the Ontario Stone, Sand & Gravel Association [the "OSSGA"] (formerly The Aggregate Producers' Association of Ontario [the "APAO"]), a not-for-profit organization. The Corporation's sole purpose is to act as Trustee of the Aggregate Resources Trust [the "Trust"]. On June 27, 1997, the Corporation and Her Majesty the Queen in Right of the Province of Ontario [the "Crown"], as represented by the Minister of Natural Resources and Forestry [the "Minister"], entered into a Trust Indenture, appointing the Corporation as Trustee of the Trust.

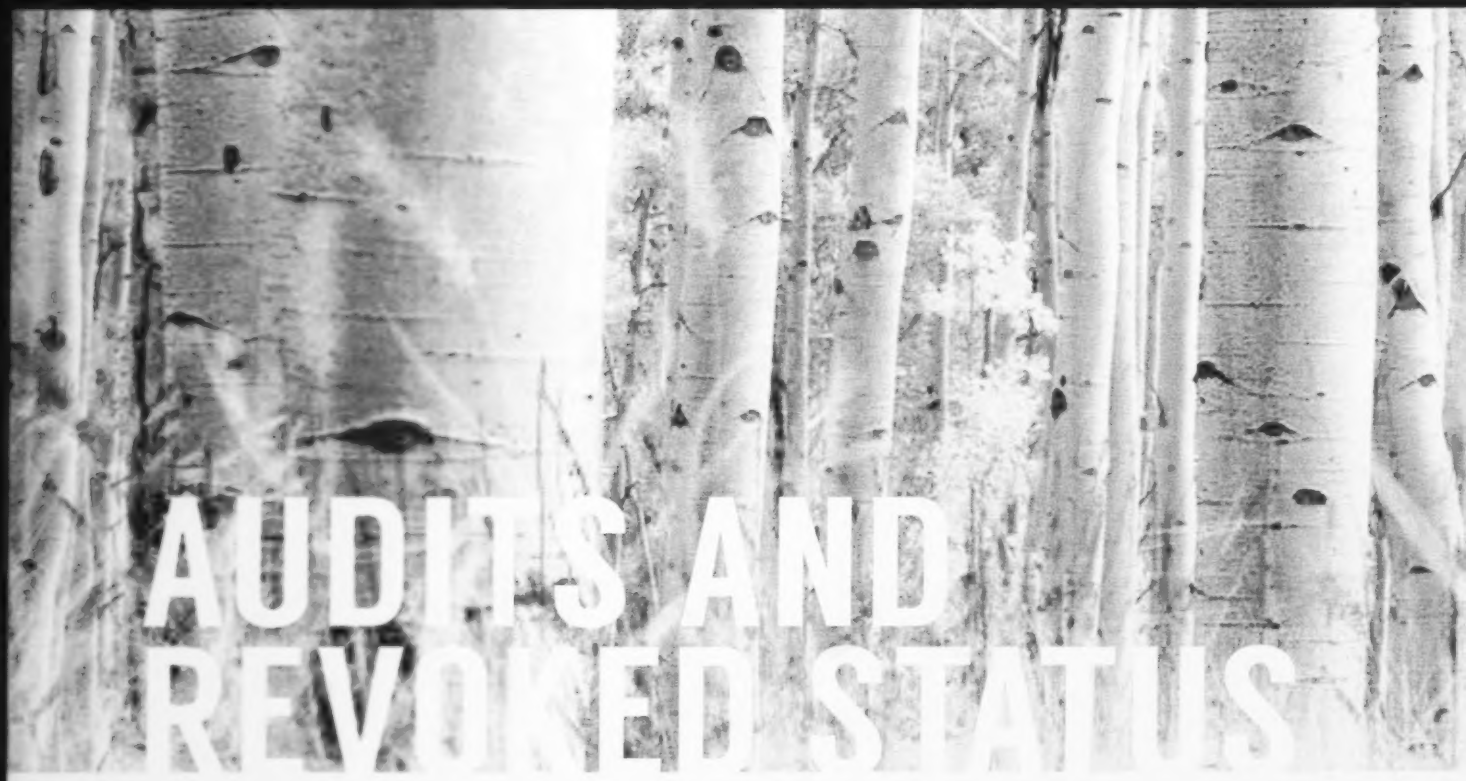
In accordance with the Indenture Agreement, the Corporation manages the administrative expenses as Trustee of the Trust which consists of three funds: the Aggregate Resources Fund, the Rehabilitation Fund and the Abandoned Pits and Quarries Rehabilitation Fund.

The Trust's assets managed by the Corporation, amounting to approximately $20.7 million, are not included in the accompanying balance sheet. The beneficial owner of the Trust's assets is the Crown.

The financial statements do not include an income statement or statement of cash flows as there is no activity recorded in the Corporation as all fees or costs are absorbed by the related Trust.

BASIS OF ACCOUNTING

The financial statements of the Corporation have been prepared in accordance with Canadian accounting standards for private enterprises.



AUDITS AND REVOKED STATUS

PRODUCTION REPORTING – AUDIT PROGRAM

TOARC, on behalf of the Trust, initiated an audit program in 2000 to monitor the completeness and accuracy of production reports submitted by licensees and permittees. The program is designed to educate licence and permit holders with respect to their obligations for record keeping under the Aggregate Resources Act in addition to assuring that aggregate production is being reported properly. The audit program is currently being reviewed by the TOARC Board regarding the selection process.

Since the inception of the program, TOARC has audited 868 clients covering 2,623 licences and permits resulting in an additional $1,434,686 of net aggregate resource fees collected.

REVOKED LICENCES AND PERMITS

Under Subsection (v) (i) of the Trust Indenture, TOARC has the responsibility for "the rehabilitation of land for which a Licence or Permit has been revoked and for which final rehabilitation has not been completed". Since inception of the Trust, 111 licences and 251 permits have been revoked. In the case of licences, 90 have been rehabilitated or the files have been closed for other reasons. In the case of permits, 178 have been rehabilitated or closed for other reasons. To date the Trust has expended $911,509 in net direct costs for rehabilitation of revoked sites.

PROFESSIONAL ASSISTANCE

BANKING INSTITUTION
Scotiabank®

INVESTMENT ADVISORS
T.E. Investment Counsel Inc.

INVESTMENT MANAGERS
Burgundy Asset Management Ltd.
Letko Brosseau & Associates Inc.

AUDITORS
BDO Canada LLP

LEGAL COUNSEL
Blakes, Cassels & Graydon LLP

SHAREHOLDER
Ontario Stone, Sand & Gravel Association

Suite 103, 1001 Champlain Avenue
Burlington, Ontario L7L 5Z4
TOARC.COM